



## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-93496; File No. SR-NYSE-2021-63]

### **Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend its Price List to Eliminate Expired and Obsolete Pillar Port Transition Fee Pricing**

November 1, 2021.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the “Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on October 27, 2021, New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend its Price List to eliminate expired and obsolete Pillar port transition fee pricing. The proposed rule change is available on the Exchange’s website at [www.nyse.com](https://www.nyse.com), at the principal office of the Exchange, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this filing is to eliminate expired and obsolete Pillar port transition fee pricing now that there are no member organizations that did not complete the transition from older to newer and more efficient Pillar technology.

The Exchange proposes to implement these changes to its Price List effective October 27, 2021.

Background

Member organizations enter orders and order instructions, and receive information from the Exchange, by establishing a connection to a gateway that uses communication protocols that map to the order types and modifiers described in Exchange rules. These gateway connections, also known as logical port connections, are referred to as “ports” on the Exchange’s Price List. Legacy ports connect with the Exchange via a Common Customer Gateway (known as “CCG”) that accesses its equity trading systems (“Phase I ports”). Beginning July 1, 2019, the Exchange began making available ports using Pillar gateways to its member organizations (“Phase II ports”).

Effective July 3, 2019, the Exchange introduced transition pricing designed to provide member organizations an extended transition period to connect to the Exchange using Pillar technology with no fee increase. Specifically, the Exchange (1) adopted a cap on monthly fees for the use of certain ports connecting to the Exchange for the billing months July 2019 through March 2020 (the “Transition Period”); (2) adopted a Decommission Extension Fee applicable for the billing months April 2020 through September 2020 (the “Decommission Period”) for legacy port connections; and (3) prorated the monthly fee for certain ports activated after July 1, 2019,

effective April 1, 2020.<sup>4</sup>

Effective March 2, 2020, the Exchange (1) extended the end of the Transition Period from March 2020 to August 2020 for member organizations to transition to the utilization of ports that connect to the Exchange using Pillar technology; (2) shortened the Decommission Period from six months (April 2020-September 2020) to four months (September-December 2020); (3) extended the effective date that the Exchange would prorate the monthly fee for certain ports activated on or after July 1, 2019 from April 1, 2020 to September 1, 2020; and (4) revised the fees charged for legacy port connections during the Decommission Period.<sup>5</sup>

Effective August 1, 2020, the Exchange (1) extended the end of the Transition Period from August 2020 to October 2020; (2) extended the beginning of the Decommission Period from September 2020 to November 2020 and the end of the Decommission Period from December 2020 to February 2021; and (3) extended the effective date that the Exchange would prorate the monthly fee for ports activated on or after July 1, 2019 from September 1, 2020 to November 1, 2020.<sup>6</sup>

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<sup>4</sup> See Securities Exchange Act Release No. 86360 (July 11, 2019), 84 FR 34210 (July 17, 2019) (SR-NYSE-2019-39).

<sup>5</sup> See Securities Exchange Act Release No. 88373 (March 12, 2020), 85 FR 15533 (March 18, 2020) (SR-NYSE-2020-14).

<sup>6</sup> See Securities Exchange Act Release No. 89591 (August 18, 2020), 85 FR 52159 (August 24, 2020) (SR-NYSE-2020-14).

Effective October 1, 2020, the Exchange (1) extended the end of the Transition Period from October 2020 to December 2020; (2) extended the beginning of the Decommission Period from November 2020 to January 2021 and the end of the Decommission Period from February 2021 to April 2021; and (3) extended the effective date that the Exchange would prorate the monthly fee for ports activated on or after July 1, 2019 from November 1, 2020 to January 1, 2021.<sup>7</sup>

Effective December 1, 2020, the Exchange (1) extended the end of the Transition Period from December 2020 to February 2021; (2) extended the beginning of the Decommission Period from January 2021 to March 2021 and the end of the Decommission Period from April 2021 to June 2021; and (3) extended the effective date that the Exchange would prorate the monthly fee for ports activated on or after July 1, 2019 from January 1, 2021 to March 1, 2021.<sup>8</sup>

Effective June 10, 2021, the Exchange extended the end of the Decommission Period two months from June 2021 to August 2021.<sup>9</sup>

Effective September 1, 2021, the Exchange extended the end of the Decommission Period one month from August 2021 to September 2021 in order to allow member organizations that did not complete the transition during the Transition Period the ability to choose to continue using Phase I ports until September 2021.<sup>10</sup>

The Decommission Period ended at the end of September 2021. There are no member organizations that did not complete the transition to Phase II ports during the Transition Period.

#### Proposed Rule Change

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<sup>7</sup> See Securities Exchange Act Release No. 90180 (October 14, 2020), 85 FR 66612 (October 20, 2020) (SR-NYSE-2020-82).

<sup>8</sup> See Securities Exchange Act Release No. 90661 (December 14, 2020), 85 FR 82532 (December 18, 2020) (SR-NYSE-2020-99).

<sup>9</sup> See Securities Exchange Act Release No. 92234 (June 22, 2021), 86 FR 34080 (June 28, 2021) (SR-NYSE-2021-36).

<sup>10</sup> See Securities Exchange Act Release No. 93001 (September 15, 2021), 86 FR 52530 (September 21, 2021) (SR-NYSE-2021-50).

The Exchange proposes to delete Pillar port transition fee pricing (which is applicable to both order/quote entry and drop copy ports) in its entirety. Both the Transition Period and the Decommission Period have ended and, as noted above, there are no member organizations that did not complete the transition to Phase II ports during the Transition Period. Since the Exchange is no longer charging port transition fees, the Exchange proposes to delete the section of the Price List titled “Pillar Port Transition Fee Pricing” in its entirety as obsolete.

The proposed changes are not otherwise intended to address any other issues, and the Exchange is not aware of any problems that member organizations would have in complying with the proposed change.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>11</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>12</sup> in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

### The Proposed Change Is Reasonable

The Exchange believes that the proposed elimination of Pillar port transition fees is reasonable because the fees are no longer being charged. The Exchange believes it is reasonable to delete obsolete fees from the Price List because it would streamline the Price List and reduce confusion as to which fees are applicable on the Exchange. The Exchange believes that amending the Price List to remove fees that are no longer charged would promote the protection of investors and the public interest because it would promote clarity and transparency in the Price List, thereby enabling market participants to navigate the Exchange’s Price List more easily.

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<sup>11</sup> 15 U.S.C. 78f(b).

<sup>12</sup> 15 U.S.C. 78f(b)(4) & (5).

### The Proposal Is an Equitable Allocation of Fees

The Exchange believes the proposal equitably allocates fees among its market participants because the obsolete port transition fees that the Exchange proposes to eliminate would be eliminated in their entirety, and would no longer be available to any member organization in any form. Similarly, the Exchange believes the proposal equitably allocates fees among its market participants because elimination of obsolete fees would apply to all similarly-situated member organizations on an equal basis. All such member organizations would continue to be subject to the same fee structure, and access to the Exchange's market would continue to be offered on fair and nondiscriminatory terms.

### The Proposal Is Not Unfairly Discriminatory

The Exchange believes that the proposal is not unfairly discriminatory because it neither targets nor will it have a disparate impact on any particular category of market participant. The Exchange believes that the proposal is not unfairly discriminatory because the proposed elimination of the obsolete fees would affect all similarly-situated market participants on an equal and non-discriminatory basis. The Exchange believes that eliminating obsolete fees would no longer be available to any member organization on an equal basis. The Exchange also believes that the proposed change would protect investors and the public interest because the deletion of obsolete fees would make the Price List more accessible and transparent and facilitate market participants' understanding of the fees charged for services currently offered by the Exchange.

Finally, the Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition.

For the foregoing reasons, the Exchange believes that the proposal is consistent with the Act.

### B. Self-Regulatory Organization's Statement on Burden on Competition

In accordance with Section 6(b)(8) of the Act,<sup>13</sup> the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, as discussed above, the proposal relates solely to elimination of an obsolete port transition fees and, as such, would not have any impact on intra- or inter-market competition because the proposed change is solely designed to accurately reflect the services that the Exchange currently offers, thereby adding clarity to the Price List.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)<sup>14</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>15</sup> thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)<sup>16</sup> of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

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<sup>13</sup> 15 U.S.C. 78f(b)(8).

<sup>14</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>15</sup> 17 CFR 240.19b-4(f)(2).

<sup>16</sup> 15 U.S.C. 78s(b)(2)(B).

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSE-2021-63 on the subject line.

Paper comments:

- Send paper comments in triplicate to: Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSE-2021-63. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSE-2021-63 and should be submitted on or before **[INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

For the Commission, by the Division of Trading and Markets, pursuant to delegated



authority.<sup>17</sup>

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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<sup>17</sup> 17 CFR 200.30-3(a)(12).